

McNamara Reports \$4.5 Billion Saved

United Press International

With a pat on the back from President Johnson, Defense Secretary Robert S. McNamara announced yesterday that his defense economy program had saved the country \$4.5 billion in the past year despite heavy Vietnam war demands.

Moreover, McNamara said that over the past five years the Defense Department "cost reduction program" had brought about total savings of \$14.25 billion. By 1969, he said, Pentagon measures to improve efficiency and reduce costs

should produce savings at an annual rate of \$6.1 billion.

The President appended a memo to the McNamara report handed out to newsmen in which Mr. Johnson said he was "particularly encouraged" by achievement of savings in spite of Vietnam's "extraordinary demands."

"This confirms my belief that we can have both combat readiness and economy in defense," Mr. Johnson said.

McNamara's annual recital on savings from better buying practices, base closings and other economies was made public in advance of his customary July "cost reduction"

news conference, which is set for today.

One item in the new report, covering the year that ended June 30, tells how \$13,104 was saved on recent helicopter purchases by substituting a standard 40-cent bolt for a special heat resistant type that had cost \$34.

A more significant saving, \$5,889, 576, was chalked up by the Army by modifying 155 millimeter projectiles at a unit cost of \$2.34 and thereby avoiding the purchase of 270,000 new ones at \$24.13 each.

McNamara's cost reduction program does not result in lower defense budgets, nor

does he claim it should. What he states is that for the same amount of defense as it has had in the past 12 months, America would have had to spend \$4.5 billion more without the savings program.

Actual defense spending, set at \$54.2 billion in the past 12 months, is slated to rise to \$58.3 billion in fiscal 1967.

To dramatize the economy effort, the Pentagon will have a public ceremony Tuesday at noon and certificates of merit will be presented to 17 persons who made contributions to the program.